

## ROCHESTER PUBLIC UTILITIES

### BOARD POLICY STATEMENT

#### POLICY SUBJECT: ACQUISITION AND DISPOSAL OF INTEREST IN REAL PROPERTY

#### POLICY OBJECTIVE:

The Board's objective is to acquire and retain interest in real property only when such interest is used or anticipated to be used in connection with the operation of the public utility enterprises under its jurisdiction. It is also the objective of the Board to pay no more than is necessary for the acquisition of real property or property rights and, thereafter, to preserve the value of these property assets for the benefit of the utility ratepayers.

#### POLICY STATEMENT:

1. RPU will purchase or lease real property and property rights only when such property or property rights are to be used in connection with the operation of the public utility enterprises under its jurisdiction.
2. Real property or property rights held by RPU will be sold or released when no longer used or anticipated to be used for utility purposes.
3. All fee purchases, sales, transfers, lease agreements, license agreements, and easement agreements requiring financial consideration less than \$100,000 shall be approved by the General Manager consistent with the RPU Board Policy #6 section 6b.
4. All fee purchases, sales, transfers, lease agreements, license agreements, and easement agreements requiring financial consideration in excess of \$100,000 shall be approved by resolution of the Board and Common Council. Advanced notification will be given to the City Administrator in accordance with Section 15.07 (Subdivision 1, D 2) of the Home Rule Charter of the City of Rochester. All purchase or lease agreements shall be executed in writing, in the name of the City of Rochester, and by signature of the Mayor and City Clerk.
5. All fee purchases, sales, transfers, or lease agreements, requiring financial consideration in excess of \$25,000 shall be made only after having received at least one independent property appraisal. The Board, at its discretion, may request two or more independent appraisals. It is the intent of the Board to acquire property interests at a cost not to exceed fair market value and to dispose of property interests at a cost not less than fair market value.
6. The Board, in return for providing utility services on previously unplatted or undeveloped lands, requires the landowner or developer to grant the necessary perpetual utility easements for a nominal financial consideration (\$1.00).

7. Property obtained by the RPU shall be recorded as an asset in the continuing property records of the appropriate utility enterprise. Such property shall be removed as an asset when disposed.
8. The cost of interest in real property shall be paid out of the utility enterprise fund(s) for which the property will be used. All cash derived from the sale of property interests acquired for or in connection with utility operations shall be returned to the utility enterprise fund(s) for which the property was used.
9. Proceedings for condemnation of property rights may be initiated only upon resolution of the Board and Common Council.
10. The purchase and sale of real property must satisfy the requirements of Minn. Stat. §462.356, subd. 2.

RELEVANT LEGAL AUTHORITY

Home Rule Charter SECTION 15.07

EFFECTIVE DATE OF POLICY: October 14, 1988

DATE OF POLICY REVISION: December 19, 2017

POLICY APPROVAL:

  
Board President

12-19-17  
Date